

## ORDINANCE NO. 46-539

AN ORDINANCE EXEMPTING PROPERTY FROM AD VALOREM TAXATION FOR ECONOMIC DEVELOPMENT PURPOSES PURSUANT TO ARTICLE 11, SECTION 13, OF THE KANSAS CONSTITUTION; PROVIDING THE TERMS AND CONDITIONS FOR AD VALOREM TAX EXEMPTION; AND DESCRIBING THE PROPERTY OF WICHITA COFFEE ROASTERIE, INC., SO EXEMPTED.

WHEREAS, Article 11, Section 13, of the Kansas Constitution provides that the governing body of the City may, by Ordinance, exempt from all ad valorem taxation all or any portion of the appraised value of certain property meeting the requirements of the constitutional provision; and

WHEREAS, the City of Wichita has adopted an Economic Development Tax Exemption Policy by which the City will consider granting tax exemptions upon a clear and factual showing of direct economic benefit including the creation of additional jobs or the upgrading of existing jobs and the stimulation of additional private investment; and

WHEREAS, Joseph Hemmelgarn and Wichita Coffee Roasterie, Inc. request an ad valorem tax exemption on a proposed expansion project of 87% for a five-year term on construction of a 18,000 s.f. building expansion and certain new manufacturing equipment, and 43.5% for a second five-year term on the building addition and equipment; and

WHEREAS, Wichita Coffee Roasterie, Inc. has operated within the City for more than one year as a coffee roasterie supporting the managed service distributors; and

WHEREAS, Wichita Coffee Roasterie, Inc. proposes a \$504,146 expansion by the construction of a 18,000 s.f. building expansion and lease from Joseph Hemmelgarn of \$510,613 in new equipment purchased by Wichita Coffee Roasterie, all to be located at 4430 W. 29<sup>th</sup> Circle in southwest Wichita; and

WHEREAS, the City Council of the City of Wichita has reviewed the application and supporting documentation supplied by Wichita Coffee Roasterie, Inc., has reviewed the impact statements provided by Staff, and the Cost-Benefit Analysis by the Wichita State University and has conducted a public hearing on such application on February 15, 2005; and

WHEREAS, the City Council of the City of Wichita has found and determined:

1. Wichita Coffee Roasterie, Inc. is an existing business located in Wichita, Kansas and intends to expand its business by the construction of a 18,000 s.f. building expansion and the purchase of certain personal property through its 100%-owner, Joe Hemmelgarn.

2. The building improvements and purchase of personal property for which exemption is given occurred after October 27, 2003. No exemption will be given for construction or purchases which occurred before that date.

3. Such property purchases are to be used exclusively for manufacturing articles of commerce.

4. By such purchases, Wichita Coffee Roasterie, Inc. will create new employment for 18 employees within five years after the start of the project.

5. Tax exemption will be given only for the construction of a 18,000 s.f. building expansion and the purchase of certain personal property as reflected in Exhibit I attached hereto.

6. The property on which exemption is given will meet the requirements of the Kansas Constitution and the City of Wichita's Business Incentive Policy, as in effect on October 27, 2003.

7. Such ad valorem tax exemption is in the public interest providing for economic growth and benefit including the creation of jobs and stimulating additional private investment.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WICHITA, KANSAS,

1. The City Council for the City of Wichita, Kansas hereby makes a factual determination that an ad valorem tax exemption of the type requested by Wichita Coffee Roasterie, Inc. is required to retain jobs in the State of Kansas, and that the property to be exempted will be used exclusively for manufacturing articles of commerce.

2. Joe Hemmelgarn and Wichita Coffee Roasterie, Inc. are hereby granted an ad valorem tax exemption of 87% for a five-year term on the construction of a building expansion and the purchase of personal property, and 43.5% for a second five-year term (subject to City Council review) on such building expansion and equipment purchases (started after October 27, 2003, and located within the Wichita City limits at 4430 W. 29th Circle South southwest Wichita at an estimated cost of \$1,014,759, as further defined in Exhibit I attached hereto). Such exemption to begin in the calendar year after the calendar year in which the expansion is completed.

3. The Department of Finance shall be responsible for monitoring the performance of Wichita Coffee Roasterie, Inc. and shall provide annual reports on such performance.

4. Such exemption is subject to verification that the level of employment at the time of the completion of the project is at least equal to the level of employment as stated in Wichita Coffee Roasterie, Inc.'s written request for ad valorem tax exemptions as presented to the City Council and to administrative staff and dated October 27, 2003, and as stated in Wichita Coffee Roasterie, Inc.'s annually approved EEO/AA Plan.

5. Such exemption may hereafter be withdrawn by the City Council upon a finding that Wichita Coffee Roasterie, Inc. no longer is entitled to such exemption in accordance with the Wichita Business Incentive Policy and Application of the City of Wichita.

6. The City Council may, at its discretion, require Wichita Coffee Roasterie, Inc. to return all funds exempted if there is a failure to meet the level of employment and EEO/AA goals as presented to the Council and as stated in Wichita Coffee Roasterie, Inc.'s application and EEO/AA Plan.

7. Upon finding that Wichita Coffee Roasterie, Inc. has moved or relocated its operations as described in the tax exemption request or application outside the Wichita City Limits the City Council shall require the repayment of all prior amounts of taxes that have been exempted and shall withhold any future exemption of taxes on Wichita Coffee Roasterie, Inc.'s expansion project. All repayments shall be redistributed to the local taxing authorities at the proper taxing rates.

8. This Ordinance shall be in full force and effect from and after its passage and publication in the official City paper.

Passed by the governing body of the City of Wichita, Kansas this 1st day of March, 2005.

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Carlos Mayans, Mayor

ATTEST:

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Karen Sublett, City Clerk

Approved as to Form:

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Gary E. Rebenstorf, City Attorney

**Wichita Coffee Roasterie, Inc.**

**Exhibit I**

<b>Building Improvements</b>	<b>\$504,146</b>
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(See attachment)

<b>Total Construction</b>	<b>\$504,146</b>
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**Equipment Purchases:**

Yale fork lift	\$ 9,000
Semi-automatic filling machine	10,071

Packaging equipment	98,919
Roaster and grinder mfg. equipment	87,500
Water bottling equipment	41,195
Walk in cooler	28,570
Box erector and conveyors system	25,358
Small bottle water filler line	175,000
Labeling equipment	<u>35,000</u>
<b>Total Equipment</b>	<b>\$510,613</b>
<b>Total Expansion Project</b>	<b>\$1,014,759</b>